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FISCAL IMPACT STATEMENT

LS 7750

BILL NUMBER: HB 1687

NOTE PREPARED: Feb 16, 2007

BILL AMENDED: Feb 15, 2007

SUBJECT: ISTEP Student Testing Program.

FIRST AUTHOR: Rep. Micon

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

ISTEP Components- The bill specifies the components of the ISTEP test program.

ISTEP Scores- The bill requires scores to be returned to schools within 45 days and reported to students and parents within 15 days of when the school receives them. It also requires penalties in vendor contracts for errors in grading or delays in reporting ISTEP results.

ISTEP Time Limit- The bill limits ISTEP testing time to six hours.

Test Window- The bill limits ISTEP testing days to six days.

Remediation Plan- The bill requires a remediation plan for any student who does not pass the ISTEP test and requires a reassessment during the second semester.

Diagnostic Assessments Online- The bill requires the Department to make available on its web site diagnostic assessments that may be used by schools to improve student learning.

General Fund Appropriation- The bill appropriates an additional \$10 M for each school year in the next biennium for remediation purposes.

Repealers- The bill removes a provision requiring the reversion of remediation funds to the 4Rs Technology Program. The bill repeals a provision requiring the Department to establish a pilot program to examine innovative testing methods. The bill makes certain other changes.

Effective Date: July 1, 2007.

Explanation of State Expenditures: (Revised) *ISTEP Components*- This bill changes the purposes of the ISTEP test. Under the bill the assessment components of ISTEP under the bill are readiness testing, ISTEP, CORE 40 end-of-course assessments, and local student diagnostic assessments.

The following table lists current appropriations for funded programs.

Table A. Current State Funding of ISTEP Program Components Under The Bill.	
Component	FY 2007 Appropriation
Readiness Testing: K-2 Reading Diagnostic Assessment. (Established under IC 20-20-6)	\$1 M (General Fund)
ISTEP (Including Remediation)	\$36.4 M (General Fund)

Social Studies ISTEP- Current law requires the social studies examination to be administered in the grades determined by the State Board of Education. The State Board's plan was to implement social studies exams to grades 5, 7, and 9. However, the social studies tests have not been implemented to date due to funding.

Implementing the examination in Grades 5 and 7 is estimated to cost \$3.2 M for one administration. The source of funding would be subject to appropriation or reallocation of existing resources within the Department of Education.

ISTEP Time Limit & Test Window- The current ISTEP examination for Grades 3, 6, and 8 would require no modifications in order to comply with the time limits (six hours maximum). The current 10th grade test, or GQE, would require some revision as total test time is 6.23 hours.

With respect to the testing window, ISTEP will be offered in the fall from September 17-28, 2007. Those dates would equate with a 10 school-day test window for school year 2007-2008. Whether or not the ISTEP could be offered over a six-day window without modifying the existing examination would depend on school testing schedules and the designed testing parameters of the existing examination.

ISTEP Scores- Future ISTEP contracts could be affected if the current time to return scores to schools does not comply with this provision. ISTEP score press releases are generally released by the Department to the public in December. The 2006 fall press release was issued on December 21. Score results for the fall 2006 ISTEP were delivered to schools 37 business days after the last pickup of test materials.

Diagnostic Assessments Online- The Department is currently required by law to develop a local student diagnostic for schools under IC 20-32-7. The Department is currently working on plans to implement an online assessment. Any additional expenditures to develop the diagnostic is subject appropriation or reallocation of existing resources within the Department of Education.

Remediation Plan- The bill provides a \$20 M appropriation over the FY 2008-FY 2009 biennium for student remediation plans. Students who do not pass a subject area of the ISTEP examination would be required to participate in a remediation program. Plans for "low performing" students could require those students to

attend remediation during, before, or after school hours. The plans could also include summer attendance if transportation is provided.

Under this provision, any student who does not pass an ISTEP subject area would be required to retake that subject area again during second semester graduation examination reassessment. This provision would require alterations to the future ISTEP contracts to include retests for students in Grades 3, 6, and 8. Currently, retests are only offered to students who did not pass the graduation examination on the first attempt. The cost to produce retakes of ISTEP for students in Grades 3, 6, and 8 who did not pass in the fall of 2006 is estimated at \$2.6 M. The spring ISTEP schedule is generally three school days in length.

Repealers- The bill would repeal remediation reversions from going to the 4R Technology Program. Additionally, the bill would repeal a pilot program for innovative testing methods. The repeal of these provisions should present a minimal impact to state expenditures.

4R Technology Program: Current law allows for transfers of reversions of state funds appropriated for remediation to the 4R Technology Program. The repeal of the reversion provision would have a minimal impact to ISTEP remediation expenditures. Nearly all past appropriations for remediation have been used in a given state fiscal year. FY 2006 reversions from a \$36 M appropriation totaled \$1,648 from GQE remediation and \$6,063 from Grade 3, 6, and 8 testing and remediation.

The **4R (Reading, wRiting, aRithmetic, and Remediation)** program was developed to assist kindergarten and first grade students with reading, writing, and math through the use of technology. The grants were established to help schools purchase learning assistance technology. The project uses technology within the Indiana Academic Standards in an effort to "consider the total development" of students, "including creativity, thinking skills, and problem-solving skills". Initially, about \$1.3 M in 4R grants were awarded in 2002. For FY 2007, the General Assembly appropriated \$2.1 M from the state General Fund to provide grants for the 4R Technology Program. For FY 2007, \$1.05 M in 4R grants are being awarded.

Innovative Testing Methods (ITM): Under this statute, established by P.L. 51-1990, the Department selects a representative sample of school corporations determined through an application procedure to participate in a pilot program. The areas examined include, recent techniques to measure higher order thinking skills, difficulties in measuring academic standards with a written test, and use of student writing examples. Funding for the ITM pilot program was to be provided from research and development under IC 20-20-11.

Background- Department of Education: The Department of Education had 294 full-time, 1 part-time, 16 intermittent, and 7 employees on leave on October 5, 2006. The Department reverted \$3.3 M to the state General Fund at the close of FY 2006.

ISTEP Contract: The current ISTEP contract with CTB McGraw-Hill was extended for FY 2007. The cost in the contract extension to provide the English/Language Arts and Math portions of ISTEP is \$27.3 M. The contracted cost to provide the Science portion of ISTEP for FY 2007 is \$3.3 M.

Explanation of State Revenues:

Explanation of Local Expenditures: *ISTEP Time Limit & Test Window-* Schools would have to alter existing fall ISTEP testing windows from ten days to six. If more students retake ISTEP in the spring, then existing spring testing windows may need to be adjusted. This provision should have a minimal impact to

school corporation class schedules.

Remediation Plan- This provision could affect local school class schedules. The provision could require schools to hire additional instructors to carry out remediation before and after school hours. If additional students are placed in summer remediation programs, school transportation costs could increase. The amount of expenditure necessary for schools to comply with this provision is currently indeterminable.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: Schools.

Information Sources: Jeff Zaring, Wes Bruce, Department of Education; Department of Education website: www.doe.state.in.us; *State of Indiana List of Appropriations 7/1/2005 - 6/30/2007*; *ISTEP+ Program Manual 2006-2007*; State Budget Agency: *FY 2006 Closeout Documentation*.

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